



# Asking Price Index

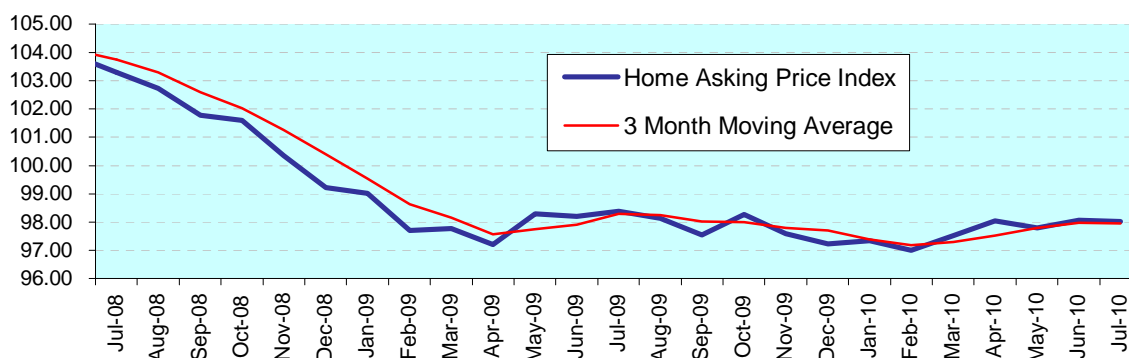
The UK's Independent Forward Market Indicator

Home Asking Price Index. Release date: 12<sup>th</sup> July 2010

## London Gains While Regions Retreat

"Without the government stimulus there to prop it up, data in sectors from manufacturing to housing is disappointing investors..." John Stepek, MoneyWeek magazine.

Home Prices Trend for England and Wales



[Laspeyres](#) Index based on Weighted Arithmetic Mean of Weighted Arithmetic Mean of Regional House Prices. [May04 = 100]

### Summary

The mix-adjusted average Asking Price for homes on the market in England and Wales edged down 0.1% this month.

YoY asking price falls in 6 out of 9 English regions, Scotland and Wales.

Greater London market house prices fair the best: up by 2.3% YoY.

The number of properties reduced in price in June increased further to 74,000 from 66,000 in May.

Annual change in asking prices: -0.4%.

The number of properties for sale has surged by 22% since April 2010.

Released 12<sup>th</sup> July 2010

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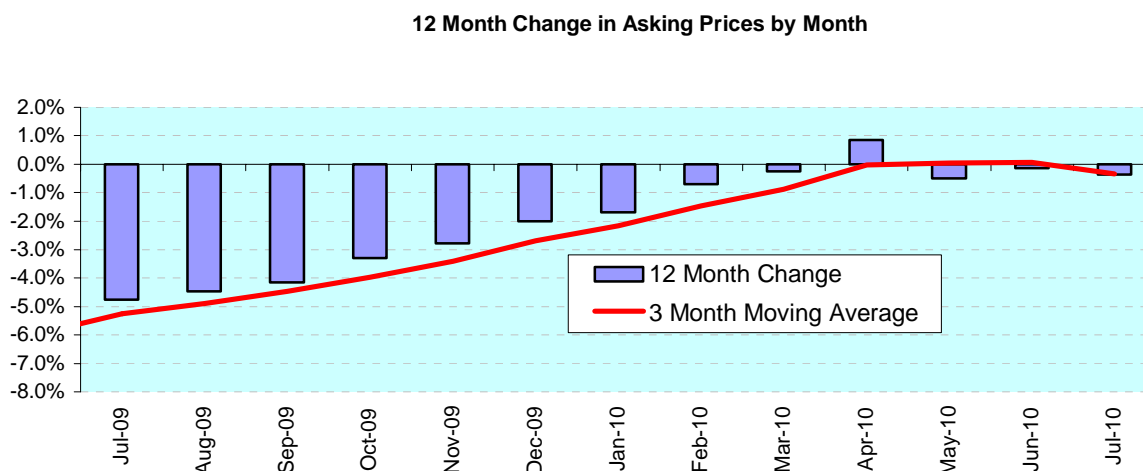
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## Overview

Summer has provided the market with more sellers and buyers. Increased market activity has been stimulated by several factors: increased numbers of properties for sale, low mortgage rates and further significant market price reductions. However, supply still outpaces demand in most parts of the UK, keeping a firm hold on prices. 74,000 homes on the market were reduced in price in June. Significantly, this monthly figure has now risen to around 10% of the total market and serves as a very real indication of how difficult property sales are to achieve in most parts of the country as transaction volumes continue to be 40-50% down versus historic averages. Those asking prices that were reduced in June were cut, on average, by £15,347.

Austerity measures are now the new threat in the near term for UK house prices. Driven by Cameron's coalition, cuts in public sector jobs and spending will be painful for many and lead to further unemployment. Regions such as the North East, which has a relatively large amount of public sector employment and sliding home prices, will likely suffer the most.

## Twelve-Month Trend in Asking Prices



The year-on-year (YoY) change in Asking Prices for England and Wales has dipped back into negative territory but the longer-term trend shows no substantial change, indicating that prices are stable but range-bound.



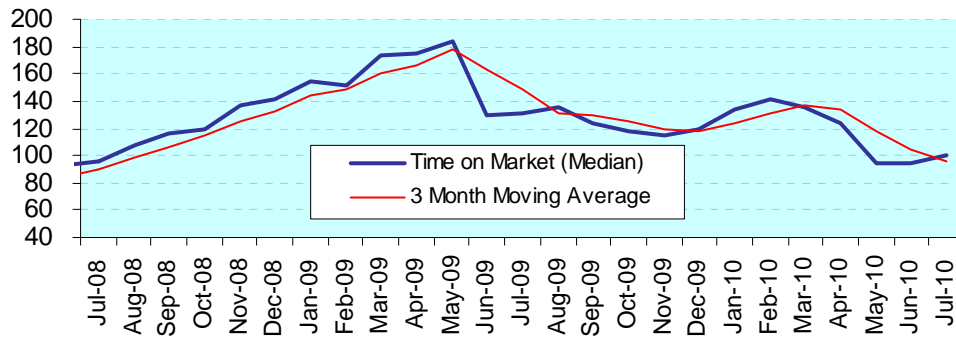
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## Time-on-Market Analysis

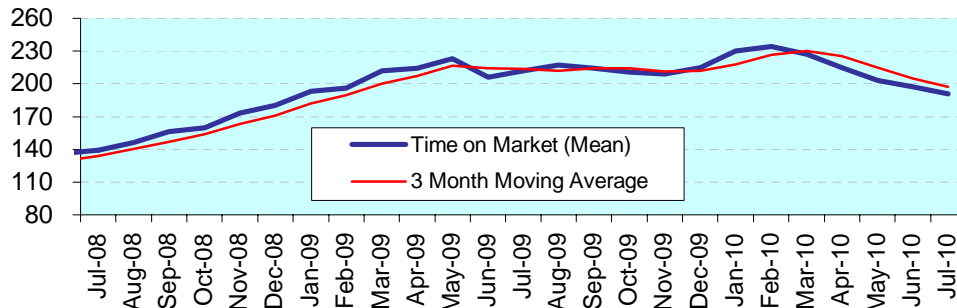
Typical Time on Market (median) for unsold properties has increased 3 days and now stands at 97 days. At the same the average (mean) Time on Market is falling, which taken together indicates that the surge in supply is out-pacing buyer demand.

Typical Time on Market for England & Wales



Average Time on Market (mean) decreased further to 191 days, dragged down by new stock flooding on to the market. This is the lowest average time on market since December 2008.

Average Time on Market for England & Wales





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## Asking Prices, Inflation and Average Earnings

Since July 2009, asking prices for homes in England and Wales have fallen 0.4%. Nominal market house prices still remain relatively stable, although they are still falling in real terms, when corrected for monetary inflation ([CPI](#)). Comparing ONS' May figures and the YoY change in asking price figures for the same month shows that asking prices were trailing by 6.0% relative to the [RPI](#) (ex. housing) and *ca.* 1.0% below the [AEI](#) (April figure from ONS excluding bonuses). The HAPI for England and Wales now stands at 98.0 [May04 = 100].

## Regional Housing Markets

Regional Asking Prices for July 2010, showing gains and losses since July 2009.

	Current average price	12 month change
Greater London	£345,102	+2.3%
East Anglia	£242,442	+1.4%
South East	£286,678	+0.3%
South West	£253,717	-0.3%
East Midlands	£171,734	-0.7%
Scotland	£163,150	-0.8%
Yorkshire and Humber	£171,259	-1.8%
North West	£175,106	-2.8%
Wales	£177,140	-2.9%
West Midlands	£189,418	-3.3%
North East	£153,671	-3.4%
England & Wales	£229,489	-0.4%

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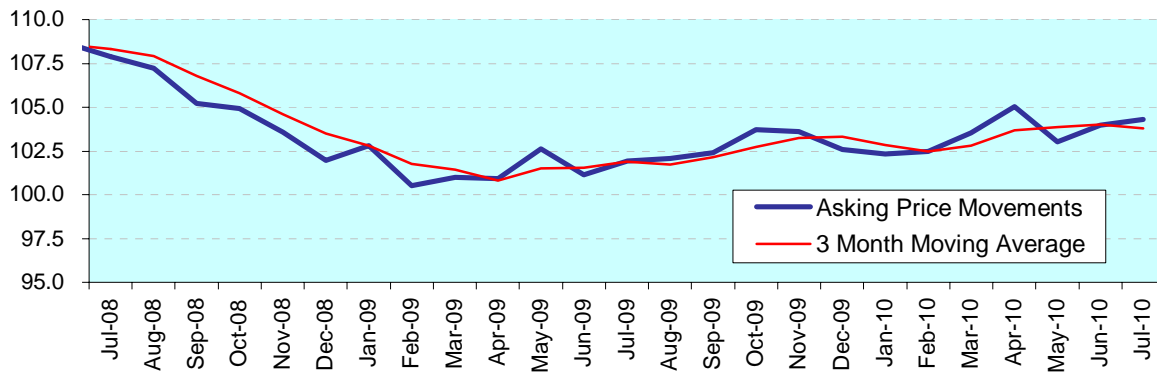
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## Greater London

Market house prices in Greater London have performed the best of all UK regions over the last year, recovering steadily since the price low in February 2009.

Asking Price Movements for Greater London

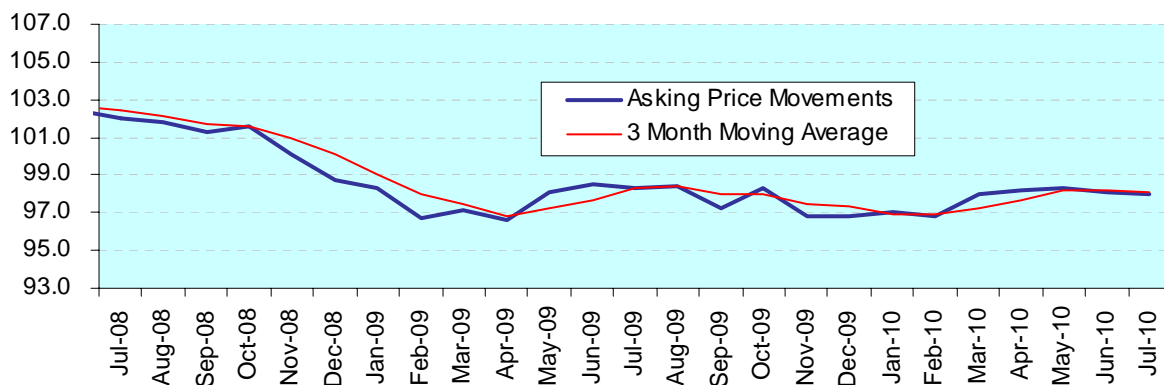


[Laspeyres](#) Indices based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## South West

By way of contrast, asking prices in the South West, also formerly a strong housing market, have slipped over the last year by 0.3% since July 2009.

Asking Price Movements for the South West



[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]



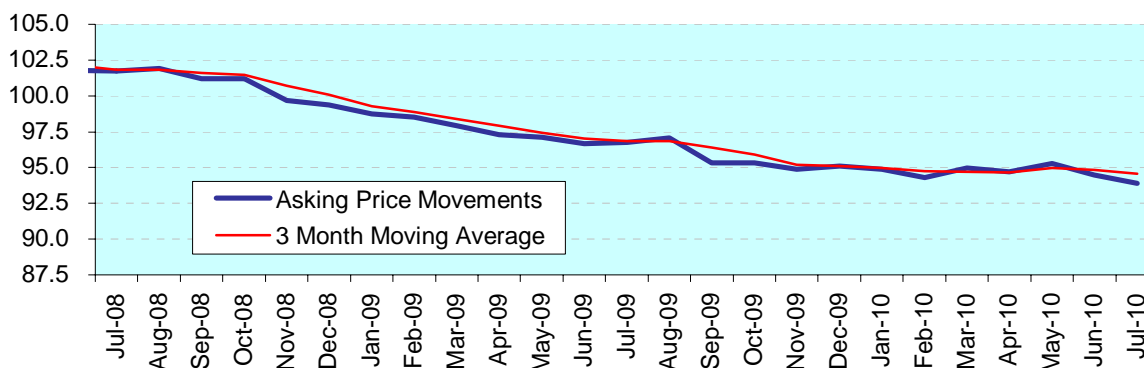
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## Wales

Asking prices in Wales slipped to a new low this month. Welsh market house prices have fallen 2.9% over the last year.

Asking Price Movements for Wales

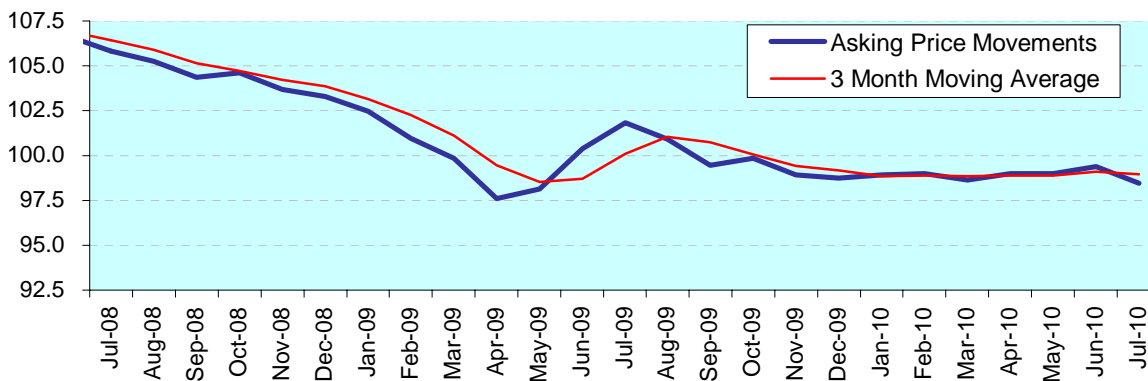


Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

## West Midlands

Asking Prices for homes in the West Midlands have fallen by 3.3% following their brief rally in summer 2009, although the more recent trend is towards stability.

Asking Price Movements for the West Midlands



Laspeyres Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

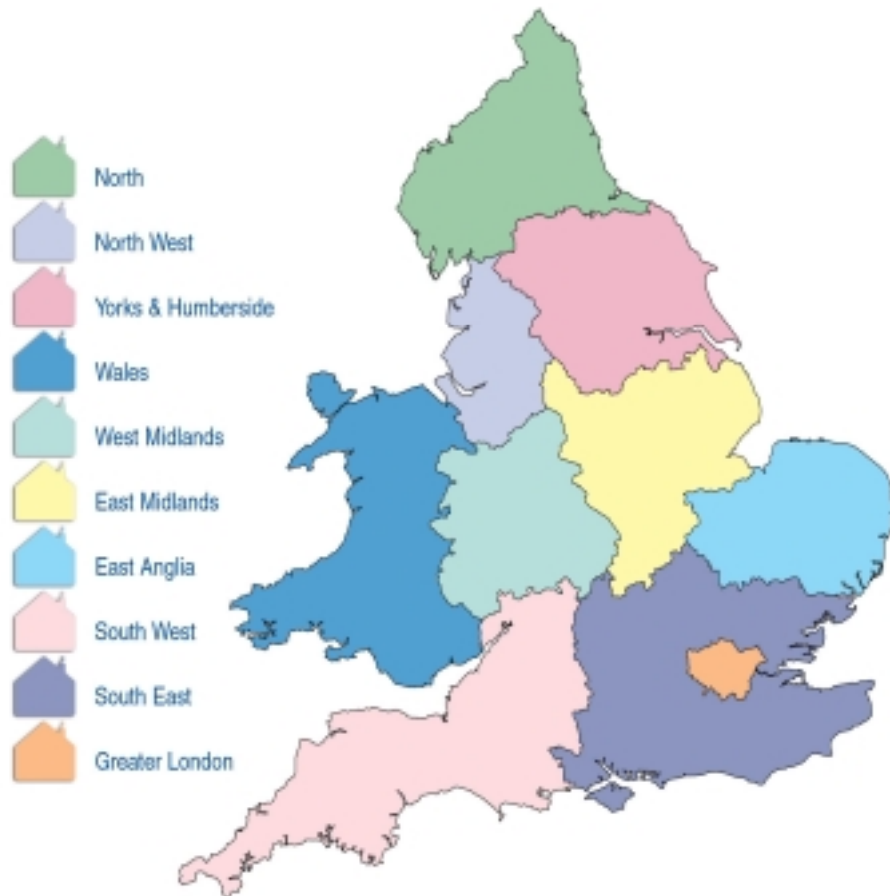


July 2010

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**Regions** (as per DCLG)



Source: HM Land Registry

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The Home.co.uk Asking Price Index was originally devised in association with Calnea Analytics Ltd



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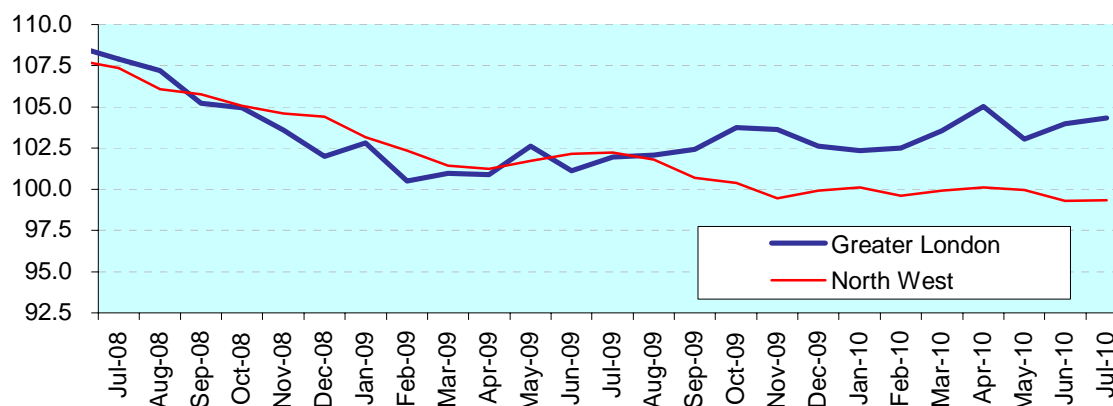
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## Comment

### London & the Regions: Poles Apart

It's fair to say that without the Greater London property market, the UK housing sector overall would be in a lot worse shape. Aside from the Regions, Wales and Scotland, only London has shown a sustained recovery in asking prices starting in February 2009. These positive figures from the London market (where prices are already 50% higher than the national average) have served to prop up national house prices indices and obscure the relatively poor performance of the regions.

Asking Price Movements for Greater London and the North West



[Laspeyres](#) Index based on Weighted Arithmetic Mean of Regional House Prices [May04 = 100]

Bank bailouts and stimulus spending are more likely to have found their way into London's financial centre than England's regions or Wales. Re-capitalised financial institutions mean that bonuses are once again being paid in the financial sector, which translates to large deposits for London property.

Another driver for the London property market is the weakness of the pound making prices look attractive to foreign buyers. Again this fillip is not something that the regions can enjoy. Looking forward, we may expect even greater divergence in the London and Regional property markets on account of the Regions' greater dependency on public sector jobs. Perhaps unfairly, the recently announced cuts in public spending are therefore bound to hit the Regions harder than the Capital.





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## The Home.co.uk Asking Price Index

The [Home.co.uk](http://Home.co.uk) Asking Price Index is produced in association with [Calnea Analytics](#): the statistical consultancy responsible for the production of the official [Land Registry House Price Index](#).

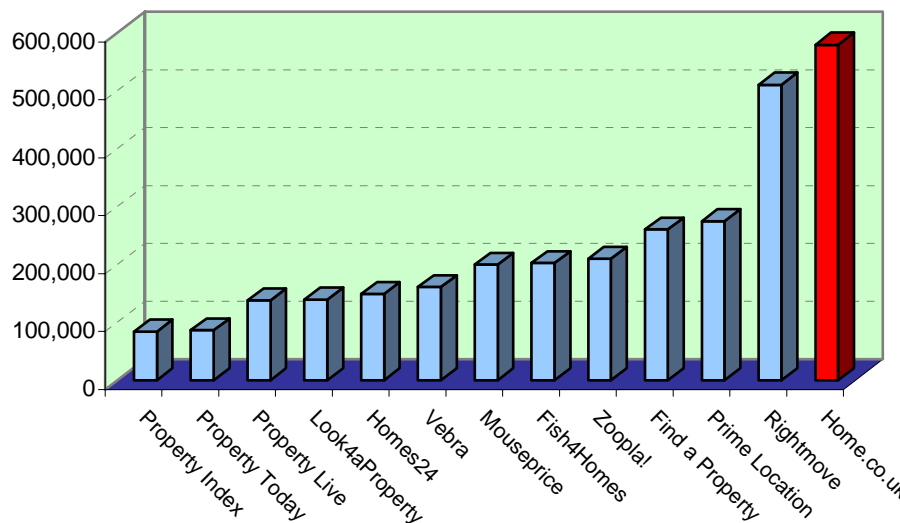
The Home.co.uk Asking Price Index (HAPI) is calculated using a weighting system based on the DCLG (formerly ODPM) [Survey of English Housing Stock](#) (published March 2006). This allows for enhanced regional delineation and conforms to the current geographical orthodoxy as set out by the [Office of National Statistics](#).

The HAPI is the UK's only independent forward market indicator. The published figures reflect current and historic confidence of buyers and sellers of UK property on the open market. The HAPI is calculated every month using around 600,000 UK property house prices found in the Home.co.uk Property Search Index. This figure represents the majority of the property for sale on the open market in the UK at any given time.

The HAPI is based on *asking price* data which means the index can provide insights into price movements around 5 months ahead of mortgage completion and actual sales data - thus making it the most forward looking of all house price indices. Properties above £1m and below £20k are excluded from the calculations.

### Searchable UK Properties for Sale by Website.

Source: Home.co.uk February 2010



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To learn more about Home.co.uk please visit:  
<http://www.home.co.uk/company/about.htm>

For details on the methodology used in the calculation of the HAPI please visit:  
[http://www.home.co.uk/asking\\_price\\_index/Mix-Adj\\_Methodology.pdf](http://www.home.co.uk/asking_price_index/Mix-Adj_Methodology.pdf)

## Future release dates:

Thursday 12<sup>th</sup> August

Monday 13<sup>th</sup> September

Tuesday 12<sup>th</sup> October



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